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Latin America Report

No. 2350

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CONTENTS

COUNTRY SECTION

INTER-AMERICAN AFFAIRS

Cooperation Accord Reached Between Brazil, Peru on Antarctica
(JORNAL DO BRASIL, 29 Jun 81)..... 1

BRAZIL

French Ariane Rocket May Be Used To Launch Satellites
(O ESTADO DE SAO PAULO, 11 Jul 81)..... 3

PCB Analyzes Political Situation, Scores 'Fascist' Groups
(JORNAL DO BRASIL, 27 Jun 81)..... 5

Investment Decline Cited in CDI Annual Report Analyzed
(O ESTADO DE SAO PAULO, 15 Jul 81)..... 7

Efforts To Broaden Trade With East Europe Examined
(O ESTADO DE SAO PAULO, 12 Jul 81)..... 9

LIMPUFBA Opposition Student Group Criticizes UNE Leaders
(JORNAL DO BRASIL, 12, 14 Jul 81)..... 12

Statement Circulated in Salvador
Disturbance at SBPC Meeting

Industrial Output Down 2 Percent in Sao Paulo, 1.7 Percent Nationwide
(O ESTADO DE SAO PAULO, 15 Jul 81)..... 14

CUBA

Havana Comments on Various International Issues
(VERDE OLIVO, 28 Jun 81)..... 19

Exile on Uruguay
Bolivian Coups, by Roberto Morejon
Israeli Raid on Iraq, by Armando Lopez Rivera

Naval Socialist Emulation Review Noted
(Jorge Luis Blancho; VERDE OLIVO, 21 Jun 81)..... 30

FAR Special Election Commission Set Up
(VERDE OLIVO, 21 Jun 81)..... 34

COOPERATION ACCORD REACHED BETWEEN BRAZIL, PERU ON ANTARCTICA

Rio de Janeiro JORNAL DO BRASIL in Portuguese 29 Jun 81 p 5

[Text] Brasilia--President Joao Figueiredo, in the joint declaration signed Friday with President Belaunde Terry in Lima, besides expressing his pleasure with the Peruvian decision to participate in the Antarctic Treaty, agreed to active cooperation between the two countries in this field taking into account the extent of the problem Antarctica presents not only to interested nations but also to the international community.

Although this passage in the declaration has passed almost unnoticed, it is significant to note the coincidence of its signing with the 11th consultative meeting of the Antarctic Treaty being held at this moment in Buenos Aires, the importance of which likewise cannot be evaluated on the basis of the amount of publicity being given the event.

Directives

Concluded after the close of studies for the International Geophysical Year in 1957-58, the treaty--which was not signed by Brazil until 1975--was in general prepared according to guidelines set by the United States. Thus, the countries with more direct interests in Antarctica were the only ones admitted to the negotiations in Washington, causing a protest by Brazil against the criterion adopted for participation in the conference.

The Brazilian government on that occasion expressed clearly our claim of rights to Antarctica, a position similar to that of the United States, which to this day adheres to the philosophy expressed by Secretary of State Dean Acheson in 1946: "The United States never recognized any claim of any country in Antarctica, and reserves all its own rights. Moreover, it never issued claims, although some have been made with its knowledge by U.S. citizens."

Petroleum

The treaty froze all territorial claims in the Antarctic region for a period of 30 years. This means that the interested nations have only 8 years to find a solution to the complex problem. This period, however, may be shortened due to the growing world shortage of petroleum, minerals and food. These essential products are found in relative abundance in the Antarctic region, where the krill--of the shrimp family--

had its reserves estimated in 1977 at 50 million tons annually. At that time, the total world fish catch was 60 million tons.

As for petroleum and natural gas, there are sure signs of their existence in large reserves on the continental shelf. Immense coal deposits have also been discovered in the Antarctic. Uranium of economically significant content was found by the Japanese. Generally speaking, surveys indicate the Antarctic area is favorable to greater occurrences of valuable minerals that those of any other continent.

The initial interest in Antarctica, at the height of the cold war, was motivated by the new strategic ideas of shortening air-travel distances by transpolar flights and establishing missile bases in that region. In 1959 geopoliticians such as General Golbery viewed the Antarctic, along with South Africa and South-Atlantic Africa as a "superior switching turntable for any strategy of resistance and counteroffensive against the always possible and dangerous attacks--should they be initially successful--of Soviet expansionism."

With the passing of time the focus changed and thus another geopolitician, General Meira Matos, complained more recently about the indifference of Brazil toward the legal possibility of expanding scientific, technological and natural-resource knowledge.

But, although Meira Matos himself does not see how Brazil can be refused the right to participate in scientific operations in Antarctica or even to seek to occupy part of that continent, the truth is that Brazil is entering the race to the south with considerable delay.

8834
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FRENCH ARIANE ROCKET MAY BE USED TO LAUNCH SATELLITES

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 11 Jul 81 p 10

[Text] Communications Minister Haroldo de Mattos announced yesterday that by August the Brazilian government will decide whether it will hold an international bidding for installation of the domestic Brazilian satellite or will negotiate directly with a foreign government. The minister was in Brasilia yesterday with the president of the National Center for Space Studies of France, H. Curien, who, although emphasizing that he was only making a courtesy call on the minister, did not deny the possibility of France providing technical assistance to Brazil in launching and operating the satellite and even financing the project provided that there is an agreement between the two countries.

Yesterday the minister signed a directive establishing a commission to coordinate and supervise studies for implementing the program which had been suspended because of not being given priority by the government.

H. Curien visited the Aerospace Technology Center and announced his government's willingness to supplement the agreement for scientific cooperation signed between France and Brazil. In case of cooperation for installing the satellite, France could cooperate in a special way in the field of "telematica", the French expert asserted.

Although the minister had not spoken directly of the Ariane rocket developed recently by France, in Sao Jose dos Campos yesterday the mood was one of apprehension. If the government does decide to use it in the Brazilian Space Program--which provides for launching between June 1988 and December 1990, four third-generation rockets with 85 percent domestic technology--over 15 years will be lost by the Air Ministry, which since inauguration of the Barreira do Inferno site in 1964 planned, developed and launched over 2,000 rockets, investing tens of billions of cruzeiros thanks to the resources obtained through the Funding Authority for Studies and Projects (FINEP).

The rockets were developed by the Space Activities Institute (IAE) in Sao Jose dos Campos, where scientists prepared the Space Exploration Program. The rockets were divided into five projects: Sonda I, Sonda II, Sonda III, Sonda IV and the Satellite Launching Vehicle (VLS). With the success of the first model in the 1960's, the government decided to provide more funds during the 1970's, when the Sonda II launchings were begun. At the end of 1976, the Sonda III tests began and were finished in August of last year.

The IAE is now constructing the first Sonda IV prototype, which was to be launched early in 1983. This rocket was to be the foundation for developing the VLS, whose tests were scheduled to begin in 1985 and which 3 years later would be able to put satellites into orbit. However, this program will be suspended if its chief purpose is taken over by the French rocket.

The report that the nation may use the Ariane to launch its satellites took technicians and scientists in Sao Jose dos Campos by surprise, especially because the government recently announced financing for building two industrial projects in the Paraiba Valley, one factory for polybutadiene and the other for ammonium perclorate, besides having announced construction of a modern rocket-launching base in Maranhao.

8834
CSO: 3001/213

PCB ANALYZES POLITICAL SITUATION, SCORES 'FASCIST' GROUPS

Rio de Janeiro JORNAL DO BRASIL in Portuguese 27 Jun 81 p 4

[Text] "Resistance to any coup attempt, from whatever direction it may come," is what the Brazilian Communist Party [PCB] advocates in its latest policy resolution, published yesterday over the signature of national leaders Giocondo Dias, Salomao Malina, Luiz Tenorio de Lima, Teodoro Mello and Givaldo Siqueira.

In the nine-page document that analyzes the "political situation" of Brazil, the communists warn against a coup, which, although origins and motives may differ, has but one objective: "to make the path to democratic reorganization of Brazilian society more difficult."

Unity

"At this moment," contends the PCB, "the most evident and dangerous coupist thinking is that revealed in the intermittent demonstrations of fascist groups which, from within or without the state apparatus, tenaciously resist" the plan for political liberalization.

"It must be pointed out," it adds, "that the regime uses existence of coupist thinking to hinder the democratic opposition." The struggle of the armed forces against activities of these "fascist" groups requires "the broadest unity" against terrorism and the coup, "unity that must include the armed forces."

In the opinion of the communists, the regime is trying to preserve itself, attacking its opponents in the effort to divide them and absorb them. The "central element" to overcome the regime's strategy would be unity of all opposition forces--even with the "liberal sectors of the bourgeoisie"--who are still leading the struggle for redemocratization.

"Democratic reorganization of Brazilian society," maintains the PCB, "can only result from a broad and deep process to mobilize and organize the largest classes of the population and the unity of the democratic forces," requiring convening of a national constituent assembly to legitimatize the "transition to democracy."

Elections

The democratic forces, the PCB contends, must take advantage of events to extend their influence. The main events, under present conditions, are CONCLAT (National Conference of the Working Classes) and direct elections in 1982.

Through CONCLAT, "the workers will be able to influence the election platform of the parties for 1982 and assert their collective will in view of different options (employer and government) for a new 'social pact.'" At the same time there must be struggle "for the legitimacy of the process and for the honesty" of the 1982 direct elections, which must previously generate commitments for forming "governments of democratic coalition" based upon common programs.

"In the process of formulating the common program, in selecting single candidates and conducting the election campaign, the opposition forces must win the masses to the idea of voting for the opposition candidates committed to the program, from whatever parties they may come," the resolution suggests.

The communists will try to "occupy whatever ground the electoral process offers and establish the most solid links with the working class and with other social forces fighting for democracy."

The communists condemn the idea of a "transition government" outside a free, democratic and sovereign constituent process, because it endangers "the interests of the most influential forces of the democratic opposition." This idea could indicate "the suggestion of support to the current government to manage the economic crisis and its effects or "a coupist rash of sloganeering not corresponding to the current balance of power," as well as other initiatives.

In contrast to the "transition government," the communists propose the democratic front through "organizing and mobilizing the working masses and strengthening civilian society," linking "democratic demands to the pressing needs actually felt by the masses."

8834
CSO: 3001/213

INVESTMENT DECLINE CITED IN CDI ANNUAL REPORT ANALYZED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 15 Jul 81 p 23

[Text] The annual report of the Industrial Development Council [CDI] is undoubtedly one of the most important documents for evaluating industrial performance. We can only regret that it is published with such a long delay. The 1980 report, which has just been published, me its special attention for presenting an interesting study about various industrial sectors. What deserves emphasis, however, is the constant decline of approved investments, which seems to indicate a loss of interest by domestic and foreign industries in creating new conditions for growth.

The table below (in constant value of 1980 cruzeiros) shows a very pronounced decline in investments approved by the CDI:

Year	Investments (in constant cruzeiros)
1976	587,238,300,000
1977	208,728,200,000
1978	168,865,300,000
1979	100,242,800,000
1980	67,357,800,000

We may assume that perhaps the value of projects approved by the CDI does not represent exactly the course of actual investments, to the extent that, in certain cases, incentives lost their importance. But, in any event, we must acknowledge that, in constant values between 1976 and 1980, approved investments declined 88.5 percent. Even in a year like 1980, when industrial growth reached 7.6 percent, approved investments declined 32.8 percent in relation to the previous year. We can assume that this year the reduction will be even more substantial. But it is upon these investments that creation of new jobs and, in the future, relief from inflationary pressure depend.

The decline is noticeable in all sectors. In the capital-goods industry between 1976 and 1980 the following investments were made (in constant 1980 cruzeiros): 11,863,900,000 cruzeiros, 31,420,800,000 cruzeiros; 13,132,300,000 cruzeiros; 8,030,200,000 cruzeiros; and 1,990,400,000 cruzeiros. For basic and intermediate metallurgical industries the values were: 426,612,300,000 cruzeiros; 54,207,900,000 cruzeiros;103,072,800,000 cruzeiros; 37,441,000,000 cruzeiros; and 34,540,700,000 cruzeiros. For the chemical, petrochemical and pharmaceutical industry, investments were: 88,300,900,000 cruzeiros in 1976; 53,823,500,000 cruzeiros in 1977;

19,211,300,000 cruzeiros in 1978; 24,057,700,000 cruzeiros in 1979; and 11,005,300,000 cruzeiros in 1980. For nonmetallic intermediate goods, cement, and paper and cellulose industries, we had the following values: 12,563,200,000 cruzeiros; 43,911,500,000 cruzeiros; 18,550,800,000 cruzeiros; 22,657,100,000 cruzeiros; and 15,587,000,000 cruzeiros. For the automobile and auto parts industry, investments were as follows between 1976 and 1980: 4,437,900,000 cruzeiros; 11,199,400,000 cruzeiros; 10,179,900,000 cruzeiros; 4,627,000,000 cruzeiros; and 1,965,600,000 cruzeiros. Finally, for the consumer-goods industry (always in constant cruzeiros) the investment amounts were: 7,460,100,000 cruzeiros; 12,146,100,000 cruzeiros; 4,718,200,000 cruzeiros; 3,429,800,000 cruzeiros; and 2,268,800,000 cruzeiros.

Distribution of incentives between domestic and foreign companies shows accelerating decline in the latter. In 1978 domestic companies received 57.5 percent of the incentives; in 1979, 80.4 percent; and in 1980, 87.6 percent. The foreign share of only 12.4 percent clearly indicates a need to learn the reasons for this lack of interest.

Meanwhile, the proportion of domestic equipment in the projects approved in recent years increased constantly: 50.9 percent in 1978; 61.3 percent in 1979; and 50.3 percent in 1980. Last year the projects approved by the CDI represented imports of $119,927,000 in equipment, of which $27,501,000 was without exchange cover (that is, direct investments); $37,469,000, with exchange cover ready; and $54,957,000, financed.

Thus, if we assume that the economic vigor of a country is measured by its investments, we must acknowledge that in recent years the Brazilian industrial sector has been developing quite poorly.

8834
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EFFORTS TO BROADEN TRADE WITH EAST EUROPE EXAMINED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 12 Jul 81 p 52

[Text] Brasilia--Brazil is trying to increase its purchases in East European countries. This decision has been adopted to offset the trade surpluses that Brazil has had with countries of that area. COLESTE [Coordinating Group for Trade With the Socialist Countries of Eastern Europe] explains the danger of this situation: "A chronically unbalanced situation, whatever its causes, does not benefit either of the partners. The long-run tendency will be a lower volume of trade due to reduction of imports by the deficit partner."

Examination of trade with Brazil's two major partners in East Europe will show the deficit situation. Last year Brazil exported $235.6 million to Poland but imported only $32.1 million. And it exported $181.5 million to the Soviet Union while importing $17.4 million. To rectify this situation, the Brazilian government has been seeking ways to increase its purchases in East Europe and improve its trade-balance situation in the region. A first step has already been taken, according to COLESTE: "Based upon the fact that many items, especially industrial supplies and equipment, acquired with expenditure of foreign exchange in markets where we have trade deficits, are available with comparable quality in other countries where there is a trade surplus, the federal administration recommended, first, by act of the Economic and Social Development Council, that state and state-controlled enterprises give preference in their imports to markets where Brazil has a trade surplus, provided the interests of domestic industry are protected and conditions of price and quality are met."

Conditions

Based upon this idea, COLESTE has been trying to convince the public and private sectors to redirect their imports to the markets under its jurisdiction. This attitude is being given "increasing priority" due to the performance of the nation's external accounts and the control--which the government considers more "cautious"--being put on imports.

COLESTE believes that some sectors offer "more favorable" conditions to the new line of foreign trade: "These include basic industrial inputs, chemicals, petrochemicals and pharmaceuticals, in which the position of the centrally-planned socialist economies in the world market is acknowledged. One can also mention certain types of machinery and equipment for the textile, printing and shoe industries

of which there is no corresponding domestic production, as well as nonferrous metals (zinc and copper), iron and steel products (sheet metal and tinplate), metallurgical (aluminum) and agricultural (mate, hops) products."

COLESTE expects this to be compensated for. It believes that the increase in purchases will be reflected in more Brazilian sales not only of traditional products but also of manufactured goods such as food and beverages, textiles, apparel, shoes and furniture, "which have been absorbed in small and irregular quantities by some countries of the region."

COLESTE has data about year-to-year fluctuations in Brazilian shipments of certain traditional products. It reports that coffee beans accounted for about 34 percent of the market for the product in the Soviet Union in 1976. The next year our share fell to 15 percent and in 1978 it fell to zero. Soybeans, which in 1976 took over 98 percent of the market, fell to less than 4 percent in 1978. In Czechoslovakia Brazilian coffee beans represented half the national market in 1976, but fell to less than one-tenth in 1977 and returned to 45 percent the following year. In 1976 Romania bought 40 percent of its cocoa beans from Brazil, [illegible] bought none in 1977. Yugoslavia, customary buyer of Brazilian cocoa butter, ordered all its needs from us in 1977 but the following year supplied itself entirely from other sources.

Political Discretion

This is how COLESTE diagnoses the problem: "Although some of these fluctuations can be explained by market circumstances, such as price and availability, it must be admitted that the margin for political discretion left to trading agents in a centrally-planned economy will be used preferably to benefit partners who exert a real effort to balance bilateral trading accounts. This is why figures about share of traditional Brazilian products in the Polish market, for example, show, within a framework of fluctuation, relatively more stability, reflecting a better-managed trade in which reciprocity of commitments assures the Brazilian product a more constant market. This reasoning is equally applicable at the level of the firm: the willingness and ability to make purchases and guarantee, in some measure, a compensation for exports is a decisive factor in doing business in the region."

As in other sectors, the Brazilian government also expresses, in the case of East Europe, its preference for "packages." As COLESTE points out: "An operating model that, in view of the problem of reciprocity, has been shown to be especially effective in stimulating trade is that of linked negotiations, 'packages' of purchases and sales. This type of transaction can be made between two companies, or between groups of companies. In the latter case, participation by a coordinating government entity can be made available to the Brazilian side."

[See table on next page.]

Table 1. Brazil-East Europe Trade, January through June 1979 and January through June 1980 (thousands of dollars FOB)

Country	Exports 1979	Exports 1980	Percentage Change	Imports 1979	Imports 1980	Percentage Change
GDR	38,017	39,780	+ 4.6	15,076	37,462	+148.4
Bulgaria	6,655	8,875	+ 31.4	671	636	- 5.2
Hungary	23,300	40,941	+ 75.7	9,263	4,674	- 49.5
Yugoslavia	21,227	31,522	+ 48.5	777	1,111	+ 42.9
Romania	16,436	44,097	+168.3	16,792	13,553	- 19.2
Czechoslovakia	34,568	35,332	+ 2.2	6,318	19,594	+210.0
USSR	137,015	181,590	+ 32.5	21,411	17,492	- 18.3
Poland	178,090	235,651	+ 32.6	39,249	32,118	- 18.1
Total	455,408	617,788	+ 35.6	109,557	126,640	+ 15.5
Total Trade (Exports plus Imports):				564,965	744,428	+ 31.8

Source: Prepared by COLESTE, based upon data from CACEX [Foreign Trade Department]

8834
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LIMPUFBA OPPOSITION STUDENT GROUP CRITICIZES UNE LEADERS

Statement Circulated in Salvador

Rio de Janeiro JORNAL DO BRASIL in Portuguese 14 Jul 81 p 8

[Text] Salvador--The LIMPUFBA university group, a new political viewpoint emerging in the student movement, distributed yesterday a note in which it accuses the National Students Union [UNE] of behaving intolerantly to prevent the demonstration by groups opposed to the current leaders of the UNE during the 33d Annual Meeting of the SBPC [Brazilian Society for the Advancement of Science].

In commenting on the booing and stoning of members of the group which, to the sound of the Traz-os-Montes electric trio, distributed a pamphlet criticizing the UNE Saturday, the note asserts: "We of LIMPUFBA, supporters of open and free but nonsectarian student discussion, would have liked to show one of the most typical forms of popular Bahian culture and spread joy during the lunch break of the SBPC activities."

Emerging at the beginning of last year, when it competed for the Academic Directorate of the UFBA [Bahia Federal University] Civil Engineering School, the LIMPUFBA stresses as one of its chief political policies "removing the communists from the Bahia Federal University." Its first appearance in public demonstration occurred in the incident last week on the Ondina campus.

Disturbance at SBPC Meeting

Rio de Janeiro JORNAL DO BRASIL in Portuguese 12 Jul 81 p 23

[Text] Salvador--The peaceful and pleasant climate of the 33d Annual Meeting of the SBPC was shattered yesterday in front of the UFBA restaurant when some 200 members of the UNE threw rocks at the Traz-os-Montes electric trio, hired by the LIMPUFBA faction to distribute a pamphlet against the UNE to the sound of carnival music within the area of the campus where the discussions are being held.

The pamphlet said, among other things, that "today, besides the two communist parties, various Trotskyite and Maoist groups are vying for student leadership so vigorously that they are colliding with each other and with the immense majority of their colleagues, who prefer to study, preparing themselves for adult life rather than for becoming indoctrinated."

Disturbance

"UNE or INE--union or illusion?" asked the pamphlet, which angered the young men and women of the National Students Union, who stopped throwing stones only when the entity's president, Aldo Rabello, mounted [the truck on which the electric trio was playing] to ask his followers for moderation and in a short speech explained that the UNE was not opposed to the electric trio but to the rightist student faction that had hired them "with government financing."

After Aldo Rabello's speech, the electric trio left the campus, without having managed to finish even the first selection in its repertoire of carnival music. And while the LIMPUFBA adherents were explaining their initiative, saying that they wanted to announce their movement and also have a party, as they consider the SBPC a big party, the UNE members were protesting against the invasion of the SBPC by the right, who, according to them, wanted to disrupt the meeting.

Besides stoning the electric trio, the UNE students tore off the banners that were fastened to their truck and burned them. The incident did not assume more serious proportions thanks only to the intervention of Aldo Rabello. Even so, one of the LIMPUFBA leaders, law student Ricardo D'Avila, was pushed around and escaped more serious physical aggression only because he took refuge on the truck with the electric trio.

The electric trio Traz-os-Montes, carrying its musicians and four representatives of LIMPUFBA, arrived on the campus about 1300 hours and turned up the volume of its sound system. One of the members of the SBPC organizing committee went up to the trio to ask them to stop playing so as not to disturb the work of the round tables and symposia that were being held at the time and advised the musicians to resume playing only in the vicinity of the university restaurant, where the musical show did not last even 2 minutes. The rock-throwing began immediately.

8834
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INDUSTRIAL OUTPUT DOWN 2 PERCENT IN SAO PAULO, 1.7 PERCENT NATIONWIDE

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 15 Jul 81 p 25

[Text] In a study released yesterday, the Sao Paulo State Federation of Industries (FIESP) stresses that "the situation is serious." In the first 4 months of this year, industrial activity in the state showed "the disturbing drop of 2 percent compared with the same period in 1980." That decline was doubled with inclusion of the month of May, "when there was a 4 percent reduction."

According to the entity's data, through May there was a drop of 5.7 percent in real sales, 5.5 percent in hours worked and 1.8 percent in persons employed. It also points out that the crisis has been affecting industrial sectors indiscriminately, even those with the most inelastic demand, such as food products. That sector and metallurgy still show indications of growth although losing ground, with low and declining growth rates coupled with reduction of work force.

"The most critical situations," the study adds, "are those with increasingly negative performance, indicating the depth of the recession. These include nonmetallic minerals, chemicals, plastic goods, textiles and paper and paperboard."

At the beginning of its report, FIESP calls attention to the lack of perspective regarding the rising trend of industrial activity in Sao Paulo. Its technical staff is categorical: "On the contrary, all indicators show that the situation is worsening rapidly, whether based upon data for only the 1981 period or upon those for the last 12 months. The latter still show positive, although decreasing, values, reflecting industrial performance during part of 1980 when economic activity had not yet reacted fully to the more restrictive economic policy adopted in the middle of last year.

"It will be recalled," the FIESP document continues, "that, in an effort to reduce the economy's excess aggregate demand--considered the cause of renewed inflation--and encourage entry of foreign funds, a number of restrictive measures were adopted: rigid monetary policy with decontrol of interest rates for free segments of the market, restriction of public expenditures and tax increases. These measures, together with domestic and foreign cost pressures, depressed aggregate demand to the point of significantly affecting industrial growth."

The federation concludes that the indicators comparing activity during the early months of this year with the same period last year are those that "reveal this fact

most clearly and also indicate what will happen in coming months if some aspects of economic policy are not modified in the short run."

FIESP recalls that, in adjusting to the current slowdown of demand, the first step taken by Sao Paulo industry was to reduce hours of work in production and that the reduction of real sales led to another, more drastic measure: layoff of employees.

IBGE Shows 1.7% Reduction Nationwide

Domestic industry showed a production decline of 1.70 percent from January through May of this year compared with the first 5 months of 1980, representing a 1.78 percent decrease in manufacturing and a 1.09 percent increase in minerals extraction, according to data reported yesterday by the Brazilian Institute of Geography and Statistics Foundation (IBGE).

According to the IBGE, all products surveyed had lower annual growth in May compared with April, except the perfume, soap and candle sector. The most significant decreases were: plastic materials, from 1.77 percent in April to minus 2.03 percent in May; machinery, from 11.29 percent to 8.53 percent; and metallurgy, from 6.4 percent to 3.76 percent. A widespread reduction in growth rate between April and May also occurred in use categories, especially in durable consumer goods (from 5.70 percent in April to 3.41 percent in May) and intermediate goods (from 5.22 percent to 3.63 percent).

The products having the greatest influence on the declining aggregate industrial performance between the January-April and January-May periods were passenger automobiles (from 16.75 percent to 20.30 percent) and gasoline (from 3.09 percent to minus 6.79 percent). The greatest favorable contribution was that of food products, with a growth of 10.91 percent--particularly sugar, with a 76.12 percent increase.

The greatest production declines by industrial sector during the same period were in metallurgy, transportation material and chemicals. By use category, for the first time this year negative rates appeared in all segments.

Regional indicators show a 6.27 percent growth for manufacturing industry in the Northeast during the last 12 months. Transportation material (7.43 percent) and food products (13.60 percent) were outstanding gainers.

The same indicators show declining industrial production trends in the states of Rio de Janeiro, Sao Paulo and Minas Gerais, although still positive: Rio de Janeiro, 0.81 percent; Sao Paulo, 2.97 percent; and Minas Gerais, 2.24 percent. In the South region, the general industrial indicator shows a 3.6 percent increase.

Rischbieter Says Nation Will Take 'Bitter Medicine'

Former Finance Minister Karlos Rischbieter predicted in Rio de Janeiro yesterday a period of adjustment for the Brazilian economy "much more severe from now on," without going into detail, however, about the measures to be taken by the government. "I only know that the medicine will be very bitter, but I don't know whether it will be given in two or in three spoonfuls," he concluded.

(1) Indústria Paulista - Indicadores de Desempenho nos Primeiros Meses de 1981

	Taxas de variações (%) (2) JAN a MAR 81 / JAN a MAR 80	(3) JAN a ABR 81 / JAN a ABR 80	(4) JAN a MAI 81 / JAN a MAI 80
(5) Indicador do nível de atividade	-1,7	-2,1	-4,0
(6) Horas trabalhadas na produção	-4,2	-4,1	-5,5
(7) Total de horas pagas	-3,6	-2,5	-4,0
(8) Pessoal ocupado	0,1	-0,8	-1,8
(9) Vendas nominais	108,4	109,0	104,5
(*)	116,3	117,2	116,0
(10) Preços da Ind. de transformação			
(11) Vendas reais	-3,8	-3,4	-6,7

(12) Indústria Paulista - Indicadores de Desempenho nos últimos 12 meses

	Taxas de Variações (%) (13) ABR 80 a MAR 81 / ABR 79 a MAR 80	(14) MAI 80 a ABR 81 / MAI 79 a ABR 80	(15) JUN 80 a MAI 81 / JUN 79 a MAI 80
(5) Indicador do nível de atividade	3,5	3,0	1,5
(6) Horas trabalhadas na produção	2,0	1,7	0,5
(7) TOTAL DE HORAS PAGAS	2,3	2,2	1,0
(8) Pessoal Ocupado	3,1	2,5	1,8
(9) Vendas Nominais	114,5	115,8	113,5
(*)	108,5	111,2	112,6
(10) Preços da Ind. de Transformação			
(11) Vendas Reais	2,9	2,2	0,4

(*) IPA/FGV — nº 88
(16) Conjuntura Econômica

(17) Evolução do Indicador do Nível de Atividades

(18) Gêneros Industriais (19)	Taxas de Variações (%) (2) JAN a MAR 81 / JAN a MAR 80	(3) JAN a ABR 81 / JAN a ABR 80	(4) JAN a MAI 81 / JAN a MAI 80
(20) Minerais não-metálicos	- 2,9	5,2	- 6,5
(21) Metalúrgica	4,2	3,8	2,5
(22) Mecânica	1,4	1,7	- 0,5
(23) Mat. elétrico e de comunicação	3,1	3,3	3,5
(24) Material de transporte	- 8,5	- 3,0	- 4,5
(25) Mobiliário	- 9,0	- 9,7	- 9,5
(26) Papel e papelão	- 1,2	- 3,0	- 4,0
(27) Química	-0,8	- 2,2	- 5,0
(28) Prod. de mat. plástico	- 14,3	- 16,1	- 17,5
(29) Têxtil	- 3,0	- 5,5	- 7,0
(30) Alimentação	2,6	1,7	1,0
(31) Agregado	- 1,7	- 2,1	- 4,0

Evolução do Emprego da Mão-de-Obra

(32) GÊNEROS INDUSTRIAIS (19)	Taxas de Variações (%) (2) JAN a MAR 81 / JAN a MAR 80	(3) JAN a ABR 81 / JAN a ABR 80	(4) JAN a MAI 81 / JAN a MAI 80
(20) Minerais não-metálicos	0,5	- 0,4	- 1,5
(21) Metalúrgica	0,4	- 0,7	- 1,8
(22) Mecânica	1,8	1,3	0,8
(23) Mat. Elétrico e de comunicação	1,7	0,5	- 0,6
(24) Material de transporte	- 0,1	- 1,3	- 2,7
(25) Mobiliário	- 7,1	- 8,6	- 9,7
(26) Papel e papelão	1,7	1,0	0,3
(27) Química	3,0	2,6	2,1
(28) Prod. de Mat. Plástico	- 3,6	- 5,1	- 6,3
(29) Têxtil	- 1,5	- 2,8	- 4,1
(30) Alimentação	1,0	0,7	- 0,1
(31) Agregado	0,1	- 0,8	- 1,8

[See key on facing page]

Key.

1. Sao Paulo Industry: Performance Indicators for the Early Months of 1981--Percentage Rates of Change
2. January through March 1981/January through March 1980
3. January through April 1981/January through April 1980
4. January through May 1981/January through May 1980

5. Level of Activity
6. Hours Worked in Production
7. Total Hours Paid
8. Persons Employed
9. Nominal Sales
10. Manufacturing Industry Prices
11. Real Sales

12. Sao Paulo Industry: Performance Indicators for the Last 12 Months--Percentage Rates of Change

13. April 1980 through March 1981/April 1979 through March 1980
14. May 1980 through April 1981/May 1979 through April 1980
15. June 1980 through May 1981/June 1979 through May 1980

16. (*) IPA [Wholesale Price Index]/FGV [Getulio Vargas Foundation]--No. 28 CONJUNTURA ECONOMICA

17. Changes in Indicator of Activity Level--Percentage Change

18. Industry Groups
19. Industry Groups
20. Nonmetallic Minerals
21. Metallurgy
22. Machinery
23. Electrical and Communications Equipment
24. Transportation Equipment
25. Furniture
26. Paper and Paperboard
27. Chemicals
28. Products of Plastic Materials
29. Textiles
30. Food
31. Aggregate

32. Changes in Employment--Percentage Rates of Change

The same opinion was expressed by Sao Paulo businessman Einar Kok, in admitting that the nation is going through "a moderate recession that is likely to continue, with a tendency to worsen." In Kok's opinion, the slight drop in the inflation rate in June did not yet represent anything positive for industry, where costs are still high.

The research superintendent of the Foreign-Trade Studies Center Foundation (FUNCEX), Roberto Fendt, in turn, asserted that inflation "has shown signs of running out of gas" and entering a slowing-down phase. In his opinion, Brazil will begin next year with a declining rate of inflation, which did not occur sooner simply because of the policy of indexation for the economy.

The trade-balance surplus in the last 2 months, according to Fendt, also demonstrates, to a certain point, that Brazil's economic policy is on the right track. One of the factors contributing to this is the current oversupply in the world petroleum market. He recalled that Brazilian imports in general have increased at low rates (5 percent from June 1980 to June 1981) and exports grew almost 20 percent in the same period.

Fendt believes that industrial production will increase 4 percent by the end of the year, "which for Brazil is a satisfactory rate, bearing in mind the recession occurring in several countries and the upsurge of protectionism, especially in Europe."

Regarding the government's intention to limit expansion of state enterprises, Fendt called it important as a policy statement which should be reflected in the economy through giving new vitality to businessmen.

Einar Kok also applauded this decision of the government, stressing that businessmen acknowledge there are state sectors that private enterprise is in no position to enter. He mentioned, for example, those involving railroad transportation, hydroelectric power and the steel-making program of SIDERBRAS [Brazilian Iron and Steel Corporation]. In regard to the availability of resources for business to manage some government enterprises which will be offered to the private sector, the Sao Paulo businessman asserted this would not be a relevant problem, adding that there are several avenues available, including the National Economic Development Bank (BNDE).

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HAVANA COMMENTS ON VARIOUS INTERNATIONAL ISSUES

Exile on Uruguay

Havana VERDE OLIVO in Spanish 28 Jun 81 pp 16-17

[Interview with Uruguayan exile "Jose Menache": "Standing on Its Own Two Feet," by Juana Carrasco; date and place not given]

[Text] Some 54 percent of Uruguay's national budget is spent on repression. Systematic persecution of all open expressions of the national conscience, culture and any form of opposition has constituted the very core of the exercise of "military justice" since the June 1973 coup d'etat. One out of every 40 Uruguayans has at some time been a political prisoner. Torture, kidnappings, political assassinations are a part of daily life. One-fifth of the population has been forced into exile.

We interviewed one of those exiles, whom we shall call "Jose Menache." He lives in Sweden and his profession is research in Latin American economic problems, but his family lives in Uruguay, where barracks, trade union premises, schools, stadiums and even boats are used as detention centers. His real identity must therefore remain unknown, for obvious reasons. However, his testimony on the deterioration of the Uruguayan economy, its ties with and dependency on Brazil and Argentina and the effect on the working masses remains as a condemnation of the activities of the oligarchy and imperialism in the Southern Cone of America.

[Question] Comrade Menache, the Uruguayan economy has changed in recent years due to its increasing ties with the two neighboring countries, Brazil and Argentina. Could you explain the effect of this situation?

[Answer] I have done research on the economic and political situation in Uruguay and in studying it, we thought it necessary to extend the analysis to current relations of the Uruguayan military regime with Argentina and Brazil.

Within that framework of research, we came to the conclusion that the process of economic and political integration that is going on in the Southern Cone has well-defined characteristics. We might call it a reactionary path of regional integration.

We can make this statement based not only on political aspects, which are well-known to everyone: the repressive, military coordination between dictatorships in the Southern Cone, but also on the forms of capitalist exploitation seen in Uruguay, Argentina, Bolivia and Paraguay.

[Question] How would you describe the Uruguayan situation based on that relationship?

[Answer] In Uruguay, after nearly 8 years of the systematic application of an economic policy that has weakened the country because of the surrender of natural resources and wealth to other countries and the failure to protect national industry, we have reached an untenable situation.

For Uruguayan trade and industry, the possibilities of expanding markets by virtue of the Argentine and Brazilian demand appear to be a saving grace compared with the previous alternative of indiscriminately opening the economy up to world trade, but as we are now seeing, the entry of Argentine manufactured products into Uruguay is leading the national consumer industry to a situation just as desperate as what it would have faced with the old plan of total openness of the economy to the world market.

Among the things we might mention here is the similarity of overall economic policies being followed in Uruguay and Argentina. In Uruguay, the need to remove protection from local industry was expressed.

[Question] What does that mean?

[Answer] For many years in Uruguay, basically starting in the 1930's, the bourgeois governments at that time -- and even as late as the early 1960's -- practiced a tariff policy that protected local industry and goods manufactured in the country because the local bourgeoisie argued that the Uruguayan consumer industry needed to be protected from the competition of products from North America, Europe and Japan.

Beginning in the 1960's and as a result of a growing economic crisis caused by Uruguay's very capitalist structure, the bourgeoisie began to understand the need to modify that policy and it began to apply, in successive phases, an economic policy aimed at destroying all the previous structures -- that is, the old mechanisms of protection and subsidization of local industry.

Consequently, bans on imports were lifted, tariffs went down and the export industry received special subsidies. This was possible because of a very great concentration of economic power, for despite the resistance of the working classes, the measures were systematically applied starting in 1973, when the coup d'etat occurred.

[Question] And what happened after the June 1973 coup?

[Answer] By 1979, one could already say that the regime's new economic policy showed a clear decline. The main objectives of the policy had not been achieved. At the same time, the consumer industry was being destroyed and the export industry was not effective enough -- it was to have replaced it -- to enable the government to withdraw its support and allow that export industry to become a driving force of the economy.

In other words, by 1979 -- and even moreso now -- the Uruguayan economy found itself without its old structures, without its old possibilities of creating jobs, of creating a certain economic development, and at the same time, the new structures were unprotected. We have neither the consumer industry protected with possibilities of dynamic growth nor an export industry that can stand on its own two feet.

[Question] What then is Uruguay's situation with respect to Argentina?

[Answer] According to the research we have done, in time the Uruguayan commercial and industrial sectors will become an appendage of Argentine industry and commerce, which have much greater power and where a similar economic policy is applied. At the same time, the Uruguayan economy is beginning to influenced, ever more directly, by the throes of the Argentine crisis.

[Question] What about Brazil?

[Answer] With respect to integration with Brazil, which from the political and ideological standpoint has characteristics similar to those of Argentina, there we have a situation that is somewhat different. Brazil became the main purchaser of Uruguayan basic products, mainly meat, and for its part supplied and continues to supply Uruguay with raw materials that are important to the Uruguayan consumer industry and with additional tropical products.

There is greater economic co-penetration between Brazil and Uruguay, meaning that their integration from the economic standpoint does not give rise to such acute contradictions as those that might result for the weak Uruguayan industry from economic integration with Argentina.

Along the Uruguayan borders, there is a highly developed Brazilian industry that can absorb Uruguay's primary meat products and process them. Paradoxically enough, the Uruguayan meat plants are not able to supply foreign markets with more sophisticated products. In many cases, they do not meet the sanitary conditions required by the capitalist foreign markets.

However, the Brazilian meat industry is in an expansion phase, with very large investments, because Brazil intends to invade the meat markets of developed countries, even though it does not have enough domestically to do this. Consequently, at the same time that it is developing its industry, it absorbs Uruguayan raw material for the purpose of becoming an exporter and meet the Brazilian market's domestic supply problems.

As you can see, Uruguay, which was always a direct supplier of markets in the developed countries, continues to be one via Brazil and actually, Uruguay is increasingly dependent on the two great neighboring powers. Its economic and political future is increasingly subjugated to these processes in Brazil and Argentina.

[Question] What are the consequences for the lower-income groups?

[Answer] They are necessarily harmful to the lower-income groups in Uruguay, but at the same time, the reactionary integration in the Southern Cone also intensifies the common struggles of the Uruguayan, Argentina and Brazilian peoples. This is very important. The prospects of a democratic revolution in Uruguay, one that

would put an end to the dictatorship, are now linked to Argentine and Brazilian prospects. The potential of the Uruguayan masses is strengthened by the revolutionary potential of the Argentine and Brazilian masses in a more profound way.

The very paths which the oligarchies and imperialism use to cut off the people's possibilities of expansion also create their possibilities of doubling their strength. As we can see, regional integration may take a reactionary path, but we want regional integration through a progressive path.

[Question] But to what extent have the workers been affected by these economic changes?

[Answer] Beginning in 1973, beyond the government subsidies, the monetary policy and the fiscal policies that were different from those that had gone before, there has been one ingredient that is the most important one to the Uruguayan workers: the increase in exploitation. This is something that is always stated, but one has to prove it and we believe we can do so.

When we speak about an increase in the exploitation of workers, we are starting from the idea that work is what creates value in society and only through an increase in work can the capitalists increase their accumulation. Now then, the value created by work can be increased in three ways: by intensifying the speed of work, by reducing the number of consumer goods that workers can acquire with their wages and through a general devaluation of workers as a social force.

First of all, there is indeed an intensification of work in all industries. Since the economic policy already analyzed began to be applied, the statistics of the Insurance Bank have shown an incredible increase in work accidents and these are basically linked to the following industries: the export industry, construction and dam construction, among others. These accidents, which include deaths, would have been perfectly avoidable if the minimum safety conditions had been established, but the speed cannot be reduced to allow the worker to coordinate his movements and this causes him to make errors and suffer accidents, even fatal accidents. This is an indirect statistical demonstration of the intensification of work. In a single hour, the worker produces more value than he once did and this is a form of intensifying exploitation.

The second form is by reducing the value of the work force with respect to the goods the worker can buy. The real wage in Uruguay has clearly dropped and since 1973, it has gone down over 50 percent. This means that half of the value is gone. The forced reduction in consumption is one way of stepping up exploitation.

Third -- and this is perhaps the most important point -- the trade union struggle has been blocked. I do not say, as other comrades do, that the trade unions have been halted or done away with. The National Workers Commission exists, but it has moved to an underground struggle. This has turned the trade union fight for wages into a political struggle and no longer simply a fight for demands, because any movement or attempt to improve wages substantially breaks down the whole economic policy of the government.

And yet, the legal paralysis of the trade union struggle puts workers into the situation desired by the capitalists: no longer grouped together, competing

individually with each other to get work. In this wild competition to find work, the capitalist has the real possibility of reducing wages and arriving at a new situation in Uruguay: Beginning in 1975-1976, the government authorized an increase in the number of hours worked a day, which can stretch the work week to 54 hours.

When any worker goes to ask for a job, he must agree to the condition that he will be willing to work "extra hours." This spares the capitalist from having to employ more workers, making up new shifts and incurring social benefit charges. One might say that the worker is free to work these "extra hours," but how can he fail to do so if he wants to recover his old standard of living that he has lost? In other words, first the standard of living goes down and then he is given the "opportunity" to get it back, at the expense of hard work, by doing "extra hours." No decree or order is even needed. The very mechanism of capitalist production under new conditions of trade union oppression is enough to achieve oppression over the workers, who then intensify their work, increase the number of hours worked a day and thereby reduce their own value.

This is the greatest proof that the Uruguayan capitalist plan is based on a single premise: maintaining and increasing the oppression of the workers.

Will they achieve it in future years? I doubt this because after the results of the plebiscite in Uruguay, when the struggle had reached its lowest point, what remained ahead was only a swell of those struggles. At the present time, they have everything to lose and we have everything to gain. It will cost a great deal and will be very difficult, but the Uruguayan people, those of us forced into exile as well as those still in Uruguay, know that in the years to come, we are the ones who are going to win.

Bolivian Coups

Havana VERDE OLIVO in Spanish 28 Jun 81 pp 20-21

[Article by Roberto Morejon: "Suspension Marks"]

[Text] Aides-de-camp to the president, vice ministers of defense, the chief of staff, apparently loyal generals, colorless colonels cloistered in their barracks, Cabinet members, military attaches in foreign capitals, writers, messengers: Any one of them might put together a coup d'etat.

Anyone close to the military reins of power in Bolivia is suspect. The men in uniform fear one another, but they knife each other in the back. They support one another publicly but in the shadows, they hatch their plots.

Luis Garcia Meza, the current president, has understood this. He predicted that he would remain in power for perhaps 20 years, but he is only going to last 12 months. He will leave office on 6 August. His cohorts in the armed forces have just held dozens of meetings and accepted en masse the resignation of the despotic chief of state who came to power backed by many of the very men now applauding his withdrawal.

Following the removal of his superminister of interior, Luis Arce Gomez, involved in a drug trafficking scandal, Garcia Meza perhaps took a breather, but it was only temporary.

a mixture of hatred, indifference and bitterness constantly demonstrated by a people victimized by brutal repression, international isolation -- very few countries have recognized the regime -- difficulties with the Church, the implication of numerous members of the dictatorship in drug smuggling and continual internal struggles in the uniformed ranks made too many adverse elements to prolong the status quo.

Although military spokesmen claim that the replacement of Garcia Meza is only the conclusion of an "initial phase" in the "democratic" process, this is a blatant lie. The trumpeters in the junta in the Palacio Quemado in La Paz know the undertones too well: The ship is taking on water, the military structure is inept and cannot get Bolivia moving forward. The country is on the verge of economic and political bankruptcy.

Conspirators

In recent weeks, Lt Col Emilio Lanza authored two uprisings in Cochabamba and one of them succeeded in occupying the city temporarily. In addition, the Tita gas field belonging to Occidental Petroleum was taken over by members of the Bolivian Socialist Falange (FSB), who demanded the resignation of the chief of state, Gen Luis Garcia Meza.

In analyzing the FSB's ties with certain commands and the fact that in Bolivia, any armed movement is almost always backed by the army, one can state that the attempt was just one more -- this time by desperate individuals without support "above" -- among the many that have been made.

But the red-hot situation had two more ingredients: Former dictator Hugo Banzer (1971-1976), head of the Nationalist Democratic Action Party (ADN), withdrew his support from the current governing team. Another ex-tyrant, Alberto Natusch, enrolled in a number of the abortive recent attempted coups.

The latter was deported to Peru and later arrested when he tried to sneak back into Bolivia. For his part, Banzer managed to flee to Buenos Aires, after being "invited" to do so.

The American administration has been surprised by so many blossoming coup movements. Following the ouster of President Lidia Gueiler by Garcia Meza's followers, Jimmy Carter became disgusted with the military newcomers and got out his "human rights" speech. This upset the military men and from that time on, the superficial disagreements -- only on form, not substance -- have prevented any deepening of Washington-La Paz relations.

This complication is one more element in the current framework of change. Many officials are clamoring to be subjected to the dictates of the Reagan administration, seeing in it their salvation. A hard-handed regime like that in Bolivia must be on the list of the State Department's favorites. It would then be a great idea to sweep away Garcia Meza and put in someone else capable of sizing up the situation so as to make a rapid rapprochement with the dollars.

At first sight, this would seem to be a very simple matter. However, it so happens that the fascist officials are not even in agreement here. At one of the recent

meetings of the commanding officers of the army -- called to analyze Garcia Meza's resignation -- a request arrived from junior air force officers, anxious to make the chief of state change his mind.

Passing of the Torch

As is their wont, the Bolivian Armed Forces determine the fate of the nation without consulting the masses or political groupings. That is why both officials and their subordinates have begun to mull over the names of possible substitutes.

Banzer, with his undeniable influence cultivated for years in different spheres of the military, told the periodical VEJA of his desire that Bolivia should elect as its president an honest, clean, responsible and fair man who would also be a good administrator. The nation's former strong man seemed to take all of these qualities away from all the generals who ever occupied the throne, before or after him. Actually, he was not wrong. In the past 15 years, only Juan Jose Torres would be worthy of the adjectives.

Returning to the words of the ADN leader, Banzer gave his open support to Gen Humberto Cayoja Riart, currently general commander of the army. According to semi-official sources, the new chief of state will have to draw up plans for the calling of a constituent assembly for the purpose of forming a "national unity government with a broad, popular base."

Under the military boot, it would be a dream to achieve such a thing. Any person who takes the place of Garcia Meza on 6 August -- if he is truly honest -- should defer to the results of the last election held in the country, won by the coalition of the Democratic and Popular Union, the UDP, headed by Hernan Siles Suazo.

With respect to Cayoja, along with Gen Lucio Anez, chief of staff of the army, he seems to favor a certain reshuffling of the parties of these are "serious and responsible" -- that is, if they act in accordance with the patterns set forth by the high command.

Various sources pointed to Cayoja as the member of the so-called "generational group" of military men who in 1978 opposed the continuation of another tyrant, Juan Pereda Asbun, and supported a process whose visible leader was Gen David Padilla, the author of the call for elections.

All in all, there is obvious confusion and a confrontation of factions -- most of them rabidly against the people -- in the ranks of the Bolivian military leadership.

With the general acceptance of Garcia Meza's resignation, the national picture is far from clearing up. The clashes will continue and whoever is lucky enough to take over the Palacio Quemado will, like his predecessors, suffer the "coup psychosis" typical of the caveman mentality of the military officers. In the shadows awaiting their turn are Banzer, Natusch, Lanza...and many suspension marks.

Israeli Raid on Iraq

Havana VERDE OLIVO in Spanish 28 Jun 81 pp 14-15

[Article by Armando Lopez Rivera: "Terrorism a la Tel Aviv"]

[Text] "I do not have to ask anyone's forgiveness," Zionist Prime Minister Menachem Begin stated, arrogantly and self-confidently, the day after the Israeli bombing that destroyed the Iraqi nuclear plant in Tamuz, near Baghdad.

His haughtiness and his provocative, defiant attitude toward the international rebuff generated by the abominable act of piracy not only demonstrate the aggressive nature of the former head of the terrorist group Irgun, notorious for its crimes and outrages against the Palestinian people, but also his certainty of Washington's support.

It is a secret to no one that the United States considers the Tel Aviv regime as its main ally in the Middle East. Yankee economic, political and military aid have turned Israel into a faithful guardian of its interests in the region, which is why Israel has been supplied with the most modern and sophisticated weapons. Military credits to that country for 1982 amount to over $3 billion.

It was American-made F-15's and F-16's that were used in the raid on the Iraqi nuclear installation. The bombs also carried the "Made in USA" seal.

They were the same bombs that in 1978 swept 13 Lebanese towns from the face of the earth. According to the UN report, Tel Aviv's terrorist actions left over 3,000 families without a livelihood, 8,000 disabled and 11,000 orphans. So far this year, over 1,000 persons have died and some 5,000 have been wounded.

These information is only for Lebanon, but there are tens of thousands of persons killed by Israeli aggression against the Arab countries, particularly in the Palestinian refugee camps.

But Washington's complicity is not limited to the supplying of arms. Tel Aviv had the approval of its Yankee protectors and according to ABC Television, the American intelligence service already knew Israeli plans to destroy the Tamuz Atomic Research Center long ahead of time. "The nuclear reactor had worried the United States for a long time and the United States had repeatedly told France and Italy that it opposed construction of the plant and demanded they suspend all cooperation with Iraq in the nuclear sphere."

American complicity is also demonstrated by the fact that the AWAC planes in Saudi Arabia did not detect the Israeli squadron flying over Saudi territory at low altitude and after the planes completed their mission in Iraq, they returned to Tel Aviv by the same route. It should be recalled that the pilots and technical personnel operating the "flying radar stations" are American.

Israeli news sources provide new signs of Washington-Tel Aviv connivance in the terrorist attack on the Tamuz nuclear facilities. According to the newspaper MAARIV, Israel was secretly visited several times last year by American officials, who systematically reported on Baghdad's nuclear program. The most recent meeting was only 6 months ago.

The newspaper HAARETZ also stated that Israel used American intelligence information as well as its own data in deciding to bomb the nuclear plant.

Consequently, the Reagan administration's pronouncements in scolding its Zionist allies and the "drastic" decision to temporarily suspend the delivery of four F-16 planes are hypocritical. The jets were to be delivered in the middle of June as part of an order for 75 planes of that type and 40 F-15's. The measure is only provisional and the rest of the war materiel that the Pentagon supplies to the Zionist state will not be shipped. Actually, Washington is merely trying to sooth tempers and prevent Arab countries from applying economic measures by way of reprisal.

Some observers believe that Israel has no reason to be worried over the submission of the case to the American Congress, where it will be determined whether the planes were used to attack a third country or whether the raid was a defensive action, inasmuch as pro-Israeli sentiments in that body are even stronger than in the White House. Congressmen will decide whether the action is to be penalized by the interruption of arms deliveries, but considering the previous fact, it is not difficult to predict the conclusion in favor of Tel Aviv.

If any doubt still torments the Zionists, they can sleep peacefully after President Reagan's statements on 11 June, when he told the Israeli ambassador to Washington, Efraim Evon, that the United States will not alter its military and political alliance with Tel Aviv. The American chief of state said that he would not produce "any breaking of the quantitative weapons balance" in the Middle East, "nor will there be any changes in relations with Israel."

Egyptian Flank Protected by Begin

Washington's support encourages the Zionist leaders to continue their open threats and aggression against Arab nations.

The official government radio warned Syria that the air attack on the Iraqi nuclear plant should serve as a warning: "It is a sign for Syria also that Israel is determined to act against anything standing in the way of its security."

These arguments are only a pretext for justifying the new escalation of its terrorist policy in the Middle East. The plan worked out by Israel was revealed in the meeting between Sadat and Begin at the beginning of June in Sharm el Sheik, precisely in the Sinai occupied by Zionist troops.

On that occasion, Begin sounded out the traitor Sadat in order to learn whether Egypt would remain "neutral" in the case of a direct confrontation with Lebanon and Syria or if there should be a broader conflict going beyond the framework of the Lebanese crisis.

Sadat once again established his lame, traitorous position in telling the press: "For my country, the 1973 war was the last one."

In a way, it was the green light that Israel had been waiting for. It could be sure that in case of a conflict, it had nothing to fear on its borders with Egypt.

But even more shameful were the words of the Egyptian president when he learned of the attack on the Iraq nuclear plant: "This will be no obstacle to the process of understanding on which Tel Aviv and Cairo have embarked."

Begin, the astute politician and terrorist, takes advantage of the crisis provoked in Lebanon and the new provocation against Iraq and presents himself as a "hardliner" regarding the policy to be followed concerning the Arabs. In this way, he is trying to improve his public image before the 30 June elections. Begin shrewdly manipulates the psychology of the Israeli people and uses the possibility of a war for election purposes. He also counters the malaise created by the major economic crisis facing the country and reduces the possibilities of victory of the Social Democrats, led by Shimon Peres. The old fox knows very well that the Israeli people are used to supporting the government when they feel threatened by a conflict and thus, the propaganda machinery of Zionism takes it upon itself to shape public opinion and heighten the war hysteria.

International Condemnation

American President Ronald Reagan tried to "throw in the towel" to his Israeli partners and a week after the attack on the nuclear plant, stated at a press conference that Tel Aviv was right to be worried over the existence of the nuclear reactor in Iraq and that it had surely thought that the attack was defensive in nature.

Despite his justifications, they are far off base and in contradiction with the explanation given by the International Atomic Energy Organization (IEO). Director Sikward Elong had stated days previously that Iraq's nuclear facilities were covered by IEO guaranteed in keeping with the nuclear weapons nonproliferation agreement.

"The last inspection at the Tamuz plant was in January of this year and it revealed that all nuclear materials corresponded to the guarantee." he said.

It is therefore very clear that the Tamuz facilities were for the peaceful application of nuclear technology.

What then was Tel Aviv's true objective?

Actually, the terrorist action was aimed at frightening the Arab nation in general and Iraq in particular. As stated in the declaration issued by the Cuban Foreign Ministry: "This attack cannot be separated from Israel's program of hostile actions against its Arab neighbors."

TASS also describes it as a "link in the long chain of Tel Aviv's crimes of which the governing circles in the United States of America are the direct accomplices and essential inspirers."

Meeting in a plenary session at the United Nations, the nonaligned countries condemned the attack and urged the Security Council to apply sanctions found in Chapter VII of the UN Charter to the Zionist regime.

Cuban Minister of Foreign Affairs Isidoro Malmierca spoke before the Security Council on behalf of the Movement of Nonaligned Nations and condemned the United

States as being directly responsible for the Israeli attack on the Tamuz nuclear plant and the dangerous deterioration in the situation in the Middle East.

Finally, the UN Security Council vigorously condemned Israel for its unjustified attack and urged Tel Aviv to subject its nuclear facilities to OIEA inspections. The document issued underlines the complete sovereign and inalienable right of Iraq and all other nations, especially developing countries, to set up technological and nuclear development programs. It also recognized Iraq's right to receive adequate indemnification for damage suffered.

Nevertheless, some members were not satisfied with the contents of the resolution and expressed their disappointment over the failure to adopt a decision that would include obligatory sanctions against Israel, under Chapter VII of the Charter of that international organization.

The repudiation and condemnation of Tel Aviv's terrorist action and its aggressive policy in the Middle East are universal, expressed in the unanimous voting in the United Nations. However, this is perhaps not enough to appease the arrogance of the Israeli leaders. Let us remember Begin's words at the beginning of this article: "I do not have to ask anyone's forgiveness." It is not very likely that Tel Aviv will back down from its positions or obey the provisions of the Security Council. The Zionist state feels safe with the support of the United States and the unconditional backing of Sadat.

11,464
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NAVAL SOCIALIST EMULATION REVIEW NOTED

Havana VERDE OLIVO in Spanish 21 Jun 81 pp 32-35

[Article by Jorge Luis Blancho: "Marching Forward"]

[Text] The workers in a shoe factory work and compete and output goes up in terms of quantity and quality. The best are rewarded collectively and individually. Socialist competition is the effective driving force that makes it possible to do what the people expect. Every machine, every hand, every heart, and every effort are in pursuit of the goal of fulfilling the pledges that must be fulfilled and that are being fulfilled.

But while the output keeps going up in all branches of the economy, the country's defensive capabilities are also being strengthened each day. Here again we also have socialist competition with its decisive impetus.

For the crew members of this torpedoboat of the country's Revolutionary Navy, there are many significant moments. One of those moments might come when they are ordered to go on combat patrol. Or when they have to participate in maneuvers to demonstrate the degree of combat readiness they achieved during the training cycle. Or perhaps the happiest moment comes when they watch their torpedos coursing toward the target that does not escape destruction upon impact.

But today, under the canvas put up on the boat, something is taking place which, although it is common and traditional, nevertheless does not fail to contain moments of euphoria for the entire crew: the socialist competition check, announcing the results of this important activity; this involves mentioning the outstanding departments and battle stations as well as the vanguard members who through their daily efforts stood out in all assigned tasks.

There is sincere applause and those who received awards embrace each other. The boat's captain shakes the hand of each and every man who defends our maritime frontiers and the badges and streamers will be kept safe with love.

We are just spectators at this unique moment but we think that socialist competition is a powerful instrument in raising the level of interest, enthusiasm, and revolutionary passion among the military group that today enjoys its successes. We can see that on the faces of each and every one of those youngsters. We can see it in the smile of Alberto Pineiro, in the restless eyes of Julio Rodriguez, and in the exclamation which Rolando Leyva cannot contain.

"Whenever we have a competition check on the squadron level," says Sgt 1st Cl Felix Boato, the chief of the radio station, "there is wild joy among all personnel. This is a day of celebration because we also celebrate the anniversaries of the groups and the various cultural and sports activities."

"The principles of socialist competition," said Army Gen Raul Castro, Second Secretary of the Party and Minister of the FAR, "enable us to organize it with specific objectives in each of the various spheres of human activity. In our specific environment, the FAR, those objectives are accomplished to the extent that each comrade individually and each group together manage to strengthen their patriotic, socialist, and internationalist education, enhance their sense of responsibility, and work hard to meet the requirements deriving from the established standards for the sake of raising the combat and mobilization readiness levels of the FAR."

On the boat visited by the reporters from VERDE OLIVO, which is a part of the squadron which right now is the unit that initiated socialist competion in the Western Naval District, every crew member has arrived at the conclusion that it is possible continuously to increase combat readiness through a broad competition movement. This is not a theoretical truth but rather a practical truth, proven through many results ranging from periodic inspections all the way to the most complex maneuvers.

Among its objectives, this military group has proposed--and has actually managed to achieve--the development of political consciousness among the personnel, stimulating the need for attaining group successes based on common effort and mutual aid, creating communist forms of work, contributing to the formal education of commanders, officers, petty officers, sergeants, and sailors, thus assuring compliance with the moral standards of socialism.

"Competition," we were told by Frig Lt Mario Salinas, "among other things helped improve maintenance, operation, and preservation of equipment and armament and this is an important aspect when it comes to accomplishing the planned missions satisfactorily."

In this connection, Frig Lt Mario Salinas explained to us how the initiative for creating special technical competion arose in the unit. Through it the men decisively contribute toward the attainment of the objectives outlined by him earlier.

"How is this type of competition materialized?" we asked him.

"Specialists designated by the staff," he replied, "daily and weekly perform the corresponding checks, selecting the most outstanding departments and comrades. This means that every crew member is a part of this movement in an enthusiastic fashion so that the established competition targets may be achieved at each battle station. The condition of equipment and weapons was considerably improved through this initiative."

The topic of a vessel's combat readiness is covered first of all by its captain. This is so because that must be his main concern, the objective and content of his life, the highest criterion in evaluating his knowledge, his skill and capacity for directing, instructing, and teaching his subordinates. All of this is manifested in the level of combat readiness which, we repeat, is his primary mission.

The objectives of always obtaining a high level of combat readiness is closely linked to socialist competition. The commander of the particular surface unit is the top man responsible for its organization.

We met the boat's captain, Ship Lt Pedro Machado, in the combat compartment of the torpedoboat; he has been the leader of this military unit for the past 2 years.

"The commander," he says, "is the first man responsible for making sure that socialist competition is implemented with every success; but of course for this purpose we can fall back on the party and the UJC [Union of Young Communists] in the direct work which these political organizations are doing with our men, through agitation and propaganda, and through the enthusiasm of each and every crew member."

Among other things, competition decisively contributes to the stregthening of discipline. Ship Lt Pedro Machado tells us that, just a few months ago, a seaman with disciplinary problems joined the unit and displayed a certain apathy toward competition.

"I got together with him personally," he told us, "and explained to him that his conduct was not exactly the best, that his comrades in General Military Service were worried about his lack of interest in the accomplishment of the competition pledges. He lowered his head and said nothing; but I did notice that he was ashamed. When he asked me to be dismissed, he looked steadily into my eyes and then I understood that my peptalk was fruitful and I was not wrong as it turned out later on."

The boat's captain was not wrong. Through his own interest and through the help he received from the rest of the crew members, the comrade gradually overcame his deficiencies and, during a recent maneuver, even got the grade of "good" for his pledge accomplishment.

Socialist competition also seeks to stimulate individual efforts. While we were looking over this modern vessel of the Revolutionary Navy and in walking along the storm gangway, very close to the combat compartment, we met Sgt 3rd Cl Ernesto Villafana.

"He is the vanguard crew member of the boat," we were told by the deputy commander for political activities.

This young man has been in the Navy for approximately 2 years. He achieved outstanding results during every competition check and he got the vanguard rating on several occasions.

"Socialist competition," we were told by Ernesto Villafana, "among other things contributes to the general use of the best experiences, to an increase in mutual assistance and to stimulation for the best men to do their best job."

He received awards for his behavior on several occasions. On one occasion, the boat's captain summoned him to communicate the following to him:

"Sergeant Third Class Villafana, after analyzing your meritorious work on your military assignments, along with your outstanding contributions to socialist competition, which helped improve the unit's combat readiness, I have decided to give you 6 days of additional leave."

But that was not all. When he arrived home, in Cienfuegos, his mother Eloina was waiting for him to embrace him with motherly love, with pride in her eyes for her son.

"What's going on, Mom? You always receive me with joy but this time I think it is just overwhelming," Villafana told his mother.

"Well, it so happens," his mother replied, "that I got a letter from your captain yesterday, telling me that you were selected as vanguard member and that you are doing your military duty like a real revolutionary. I knew you would not let me down!"

Sgt 3rd Cl Ernesto Villafana did not let his mother down, neither now, nor ever. In front of his radar screen, he will continue to participate in competition, in other words, in the defense of the fatherland.

Ens Rodulfo Marin Cardenas is the boat's deputy commander. As we entered the combat compartment, he was busy working an automatic plotting device with a nautical chart on top of it and he was too busy to avert his gaze.

When we interupted him to ask him whether socialist competition was being carried out during cruises with the same enthusiasm as at the permanent base, he needed to reply with just one word:

"Better!"

This is so because when the boat is actually sailing, the political and party work aspect must be emphasized more in dealing with the personnel. When the boat is far from the base, it is necessary to strengthen discipline, morale, and the will to put up with and overcome difficult situations to a much greater extent and of course it is necessary more than ever before to maintain a high level of combat capacity. Socialist competition is the suitable vehicle for obtaining these objectives.

"During the 'Giron XX' maneuvers," said Ens Rudolfo Marin, "we analyzed our competition activities daily and that helped our surface unit obtain good results."

The boat we inspected has a UJC base committee. Its secretary-general is Sgt 3rd Cl Alberto Pineiro who says that he is satisfied with the work done by all militants in connection with socialist competition.

"The militants," he told us, "must set the example and this has always been the case in our unit. It could not be otherwise. During the meetings we analyze the successes and shortcomings in competition and we draw up the plans to eliminate the latter. The membership is constantly concerned with making sure that each comrade will achieve his pledge targets and will help those who are further behind.

"There is no task or mission that is not accomplished without impetus from competition. It is our guide, the moving force that always enables us to go forward."

As Army Gen Raul Castro said, "Life has clearly shown us that in those units where competition is being carried out in the established form and where mechanisms oriented toward enabling it to play its full political-educational role, we can decisively contribute to the attainment of the best possible results even when we accomplish the most complicated tasks under the most difficult conditions."

5058
CSO: 3010/1553

FAR SPECIAL ELECTION COMMISSION SET UP

Havana VERDE OLIVO in Spanish 21 Jun 81 p 57

[Text] The special election commission of the FAR was established last Saturday under the chairmanship of Col Armando Saucedo Yero, member, Party Central Committee, and First Deputy of the Chief of the Central Political Directorate.

This commission is charged with organizing and directing the process for the election of delegates to the people's government organs in the special election districts of the FAR, in coordination with the provincial and municipal commissions.

These special FAR districts are created to make sure that military personnel permanently residing with the units can exercise the right granted to them by the constitution of the republic, that is, to vote and to run for office, just like any other citizen.

During its first meeting, the special election commission of the FAR--also consisting of officers from the various directorates of the General Staff and the Ministry of the Armed Forces--discussed and approved the work program for holding the next elections.

Among other things, specific tasks were assigned to each member and information was provided on the project for the special election districts of the FAR to be established.

In reviewing the results of the meeting, Col Armando Saucedo Yero pointed out the tasks which the commission under his chairmanship must accomplish, including the appointment of the members of the boards of election and the preparation of the biographical sketches for the candidates as well as the voter lists.

He also noted that this entire effort must be conducted in close coordination with the provincial and municipal election commissions and with the support of the chiefs, political sections, and organizations of the party and the UJC [Union of Young Communists].

FAR Special Election Commission

Chairman: Col Armando Saucedo Yero. Vice chairman: Lt Col Eustaquio Izquierdo Miranda. Secretary: Capt Guillermo Fornaris Hernandez. Members: Lt Col Felix Montes de Oca Corona; Lt Col Justo Gomez Morejon; Maj Javier Santos Diaz; Maj Manuel Ferrer Perez; Maj Juan Regalado Alonso; Maj Ignacio Torres Puentes; Capt (JAG) Roxana Avila Dedieu; and 1st Lt Mario Ortega Rojas. Alternate members: Lt Col Vincente Campo Barrios; Lt Col Rienaldo Montero Miranda; and 1st Lt Ruben Placeres Calderon.

5058
CSO: 3010/1553

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